

**SCOPE OF WORK FOR THE ASSESSMENT  
OF THE LOCAL GOVERNMENT SECTOR IN MACEDONIA**

**August 2003**

**I. SUMMARY**

The United States Agency for International Development (USAID) in Macedonia seeks the services of a Contractor to (1) assess the present situation with decentralization and the local government sector in Macedonia and the continued validity of the strategies underlying USAID's on-going local government support activities; and (2) make recommendations for future assistance in this area.

**II. BACKGROUND**

Since its independence in 1991, Macedonia has faced serious political and economic challenges; however the biggest threat emerged with the outbreak of armed hostilities between ethnic Albanian guerillas and the Macedonian security forces in February 2001. The conflict had a deleterious impact on Macedonia in that it polarized society, heightened inter-ethnic tensions and brought the economy to the point of collapse. Following serious international pressure, the President and leaders of the four largest political parties in Macedonia signed the Framework Agreement (FWA) that was brokered by the international community in August 2001. Implementation of the FWA, the sole instrument towards peace and reconciliation of the country, is one of the highest stated priorities of the Government. An important condition for successful implementation of the FWA is decentralization. While the FWA raised the issue of decentralization to the top of the list of priorities that the Government had to address, the plan to decentralize has been pending since 1997, when the Government of Macedonia (GoM) ratified the European Charter of Local Self-Government. This was followed by the establishment of the Ministry of Local-Self Government and the adoption of the Strategy for Local Government Reform by the GoM in 1999. The central elements of the Strategy were: 1) devolution of important service responsibilities to local governments; and 2) fiscal decentralization. The Ministry of Local Self-Government was officially charged by the Strategy with preparing the key regulations: 1) amendments to the Law on Local Self-Government; 2) a new Law on Local Government Finance; 3) amendments to the Law on Territorial Division; and 4) amendments to the Law on City of Skopje. During the period from 1999 to 2001 progress on decentralization reform was slow with central government apparently lacking the political will to devolve authority and resources. The inclusion of decentralization as a key condition of the Framework Agreement bolstered the Government's commitment to accelerating the time frame for the implementation of an already initiated, but stalled process of local government reform. The passage of the amended Law on Local Self-Government in January 2002

was the first move forward and set the general framework for the decentralization process to proceed. Following the passage of this Law in January 2002 until the change of Government in the Fall of 2002, little happened to implement this important piece of legislation. An additional 80 laws were identified as needing to be amended or drafted in order to fully implement the Law on Local Self-Government, the most important of which is the Law on Local Government Finance. With the change of Government after the September 2002 Parliamentary elections, the decentralization process in the country has been revitalized. The new Government has put the implementation of the FWA as one of its top stated priorities and has followed up on this by adopting in January 2003 an Action Plan for Implementation of the Framework Agreement, including a plan for the Operational Program on Decentralization. In the intervening months, much work has been done by relevant Government Ministries to draft and adopt the key secondary laws required to implement the Law on Local Self Government, but much work still remains to be done.

The decentralization efforts have been closely followed by the Association of Municipalities of Macedonia (ZELS), which is playing an active role in articulating the local governments' position on issues related to decentralization. As a result of their serious and organized involvement, ZELS is recognized as a key partner by the Government and has earned its seat at the discussion table. The relationship was formalized in February 2003 with the signing of a Memorandum for Cooperation between the Government of Macedonia and ZELS for decentralization. Recent developments have been promising and seem to demonstrate real political will on the part of the key players to speed up the decentralization process.

Decentralization is an important piece of USAID Macedonia's DG Strategy (2001-2006). It is addressed under the SO 2.0 More Legitimate Democratic Institutions and more specifically under Intermediate Result (IR) 2.3 More Effective, Responsive and Accountable Local Government. Currently, there is one on-going activity under this SO that addresses local government sector development, the Local Government Reform Project, implemented by Development Alternative, Inc. (DAI). This activity is in its fourth year of implementation and is scheduled to end in September 2004. In the spring of 2002, USAID conducted an evaluation of the Local Government Reform Project. The purpose of the evaluation was to get an objective picture of the status, relevance, and the success of the program, as well as recommendations for future programming. The evaluation was overall very positive. A copy of the evaluation will be made available to the Contractor prior to the commencement of the field work stage of the assessment/design mission.

### **III. OBJECTIVE**

#### **Purpose of the Assessment:**

The contractor will provide USAID Macedonia with an assessment of the capacities and needs of Macedonia's local government sector, and make programmatic

recommendations for potential future assistance to further strengthen local government. The assessment and recommendations should make maximum use of lessons learned of USAID's and other donor's previous and on-going efforts in this area.

Specifically, the Contractor will:

- A) Assess the present state and needs of local government units in Macedonia, including the following: i) evaluate the ability of local governments to undertake these increased competencies to be decentralized to local government under the Framework Agreement (identify strengths, weaknesses and technical skill gaps), and ii) identify priority areas for intervention most critical for the successful undertaking of these competencies;
- B) Assess the validity of existing Mission strategies, including current targets and indicators for assessing progress in increasing the effectiveness, responsiveness and accountability of local government; and
- C) Make recommendations based on these findings for areas in which USAID might focus future assistance to foster the decentralization process and promote the development of local government in Macedonia.

The objective of this assessment is to learn from the experiences of previous years of effort, both by USAID and other donors in Macedonia, and to gain insights as to where donor assistance might be most effective in further promoting the decentralization effort and in preparing local governments to take on increased responsibilities post-decentralizations. An important element of the assessment is to identify a vision for local government grounded in the views of Macedonians, and to recommend the main lines of assistance necessary to realize this vision. Recommendations for follow-on assistance should take into account the assistance provided by other donors and areas where USAID has the comparative advantage in terms of addressing the needs identified.

The product of this assessment will be a final assessment report that discusses the present state of decentralization, the key issues and needs of local government, the validity of the existing Mission strategies, and recommendations of areas for future assistance.

#### **IV. STATEMENT OF WORK**

The Contractor shall assess the overall situation of local government in Macedonia and the impact of USAID Macedonia's assistance on the policy/legal framework, the institutional capacity of municipal associations, and the management/citizen outreach capacities of local government.

##### **A) Sector Assessment: Capacities and Needs of Local Government Sector in Macedonia**

The Contractor will prepare an analysis that reviews the current capacities and needs in the local government sector in Macedonia, in relation to the competencies and responsibilities to be delegated to local government under the FMA. The analysis should address the following issues:

### **1) Legal and Policy Context for Local Government in Macedonia**

- ✓ What is the policy environment and the broader political context in which decentralization is occurring? What are the key issues affecting decentralization, including the level of political will for decentralization to proceed?
- ✓ What is the Government's vision for decentralization and what is ZELS' (local governments') vision for decentralization? To what extent do these two visions coincide/differ?
- ✓ What level of competencies and resources is ultimately envisioned to be devolved to the local level? What is the model that Macedonia has chosen for decentralization?
- ✓ What competencies does the current legal framework provide for? How it is being implemented?
- ✓ Which laws are critical for reform of local government to occur and should be considered priority for USAID intervention? What is the status of these laws?
- ✓ What mechanisms, if any, are specified by law, to ensure the right and opportunity for citizens to participate in the local government decision-making process?
- ✓ What are the implications of the Law on Territorial Division for local government competencies and resources?
- ✓ What is the current legislative status for local government finance? How are municipalities financed? Do municipalities have options to obtain grants, loans, state bonds, etc? What is the situation with the municipal property, especially its use as collateral?
- ✓ What level of fiscal decentralization does the new draft Law on Municipal Finance propose (i.e. transfer levels from Central Govt., tax collection, other autonomy to generate resources)?
- ✓ What accounting requirements are considered under the new legal framework?
- ✓ How open has the legal reform process been?
- ✓ How actively have and how prepared are the major stakeholders (municipalities, citizens, Parliament, other relevant Ministries) to participate in the changes and drafting of major decentralization laws?

### **2) Municipal Associations**

- ✓ What services are the municipal associations (ZELS, AFO, MAKKOM, etc) providing to their members? What additionally services could they be providing given the conditions in country?

- ✓ How effectively are the associations able to lobby for and represent the interests of their members?
- ✓ What is the human resource capacity of the major municipal associations?
- ✓ What is the financial capacity of the major municipal associations? What percent of their operating resources are self-generated (fees, services) and what is the level of dependence on donors (financial sustainability)?
- ✓ What is the level of willingness of municipalities to contribute to the National Association of Municipalities-ZELS (willing to pay 1%, 2%, more of municipal budget to support ZELS, other associations)
- ✓ What has been the role of ZELS and other municipal associations in the legislative reform process?

### **3) Municipal Capacity**

- ✓ How well are municipalities carrying out the competencies they currently have?
- ✓ What is the current organizational structure of select municipalities?
- ✓ How qualified is the current staff to carry out existing competencies?
- ✓ Is there sufficient staff to perform their current responsibilities?
- ✓ What additional human resources demands will the new competencies place on municipalities in terms of numbers of staff and skills and knowledge of staff?
- ✓ What is the plan for ensuring that human resources at the municipal level are adequate for carrying out additional competencies?
- ✓ Which mechanisms are municipalities using to ensure citizen participation?
- ✓ How effective those mechanisms are? What kinds of changes in the municipal decisions have been made based on the citizens' input?
- ✓ What other ways are local governments encouraging citizen participation in the local government affairs?

## **B) Assessing the Validity of the Current USAID Strategy**

The Contractor will determine to what extent USAID assistance has contributed to achieving the results as defined in IR 2.3 of the SO 2.0 results framework. The following topics are illustrative of the issues that USAID Macedonia would like the Contractor to address.

- Have the local government components under SO 2.0 More Legitimate Democratic Institutions met their objectives? If not, why not? Are the objectives still valid? If not, how should they be changed?
- What aspects of the local government program have been the most or least effective in contributing to achieving IR 2.3 More Effective, Responsive and Accountable Local Government? Which activities are likely to lead to lasting impact or be sustainable?

- Were there any unintended consequences and/or effects of USAID-funded assistance activities, either positive or negative?
- Are there any lessons learned regarding activity sequencing, tailoring inputs to specific target groups, or activities that are more likely to lead to more sustainable outcomes?
- Are there other existing USAID activities contributing to the goals of IR 2.3? Are there overlapping activities? Are there areas for cooperation between activities that could increase the likelihood of success and/or heighten impact of the local government activity? What is the potential for promoting synergies and avoiding duplications among other USAID activities? We are specifically interested to see if the resources provided by the Community Self Help Initiative (CSHI) could be focused to more directly support the goals of local government reform. We are also interested in whether there are ways in which our civil society and local government support activities can better reinforce each other. Finally, we are interested in defining an appropriate role for municipalities in the process of local economic development.
- Is there collaboration and coordination with other donors providing assistance in the local government area? If yes, to what extent and how effective is it? Are there overlapping activities? Are there areas for cooperation with other donors that could increase the likelihood of success and/or heighten impact of the local government activity? What is the potential for promoting synergies and avoiding duplications among other donors?
- What can the program do to increase local involvement in the provision of support of local government reform, and reduce dependency on donor assistance?

### **C. Recommendations for Follow-On Assistance**

Based on the results of the assessment and building on what has been accomplished and lessons learned, what recommendations can be made for future USAID local government support? The ultimate question will be: How can USAID's assistance in this area be most effectively targeted to support the needs of local government post-decentralization? The following topics are illustrative of the issues that USAID Macedonia would like the Contractor to address in terms of recommendations for follow-on assistance. These should not constrain the Contractor from pursuing other relevant issues based on the findings of its assessment.

- Identify the principal results sought over the life of the follow-on assistance and the timeframe required to achieve these results. This should include specific improvements in municipalities with regard to:
  - Revenue/fiscal situation
  - Services provided
  - Accountability
  - Citizen Participation
- Identify the main approaches anticipated to achieve proposed results.
- Recommend performance indicators for the results to be achieved.
- Identify the specific roles Macedonian partners should have in the implementation of the activity.
- Present a vision of sustainability and clearly identify how activities can be made more sustainable.
- Suggest effective ways to integrate the contributions of other USAID and other donor activities to maximize cooperation and increase the likelihood of success and/or heighten impact of the local government activity.

## **V. METHODOLOGY**

An outside assessment team consisting of two expatriate (expat) assessment experts with expertise in the area of local government development/decentralization and one Macedonian expert (see section VII below for team skills required) will conduct this assessment.

The assessment team is expected to review existing monitoring and evaluation data collected by implementing partners, primarily DAI and CSHI. The team will conduct interviews with USAID staff, partners and stakeholders in Macedonia, both governmental and non-governmental. The contractor will identify and interview local governments receiving support from both USAID funded programs and other donors as well as non-donor supported local governments, ensuring geographic and ethnic diversity.

USAID Macedonia envisions a highly participatory process with our Macedonian customers and partners to be involved to the maximum extent possible in order to provide direction on the vision for future assistance, and to identify their ongoing role in the implementation, monitoring and evaluation of said assistance. Visioning exercises, to create consensus among partners of their vision of local government in the five-year time frame may also be useful. The assessment team will spend approximately six weeks in Macedonia carrying out this Scope of Work. Before arrival in country the team members shall familiarize themselves with previous and current documentation about the local government sector and USAID's local government assistance. USAID Macedonia will

ensure that this documentation is available to the team prior to their arrival in Macedonia. The literature includes at a minimum:

- USAID/Macedonia Amended Strategic Plan 2001-2004
- LGRP SOW and Task Order
- LGRP Evaluation Report
- Year 4&5 Proposal and Work Plan
- LGRP Quarterly Reports
- The Framework Agreement
- Operational Program for Decentralization (GOM Document)

## **VI. QUALIFICATIONS**

### **Assessment Team Members**

The assessment team should comprise two (2) Expatriate team members, one Macedonian team members and required administrative/logistic staff.

One Expatriate Team Member/Team Leader: Should have at least 15 years experience of relevant experience in the assessment, development and/or implementation of local government support programs. Prior experience in conducting assessments of and/or implementing USAID local government programs highly preferred. Professional experience in Macedonia or Central Europe is also strongly desirable. Knowledge of USAID and particularly DG policy guidance is desired. He/she must be fluent in English and have excellent writing and presentation skills.

Second Expatriate Team Member: Should have at least 10 years experience in the design, implementation and evaluation of local government assistance programs. Previous experience conducting local government assessments or evaluations required is highly desired. Prior experience assessing and/or implementing USAID programs preferred. Professional experience in Macedonia or similar transitioning countries in the Europe and Eurasia region required. He/she must be fluent in English and have excellent writing and presentation skills.

One Macedonian Team Member: Should have a very strong understanding of local government sector in Macedonia. Strong links into the Macedonian research community required. Knowledge of USAID and other donor assistance in the local government area desired. He/she should be fluent in Macedonian and have very good written and spoken English.

Logistics/Administrative Staff: Up to two interpreters will be required to accompany the Expatriate Team Members and interpret at meetings. Translation of important studies in Macedonian on the local government sector may also be required. In addition, a logistics person to organize and coordinate meetings, make hotel reservations, organize transportation, etc. may be required.



## **VII. SCHEDULE AND LOGISTICS**

The assessment should commence o/a October 1, 2003. The Expatriate Team Members should arrive in Skopje, Macedonia and be prepared to begin work no later than October 6. USAID Macedonia will provide the team with input and guidance in setting up a schedule of interviews and site visits, but the responsibility for the schedule resides with the Contractor. The schedule should be defined as much as possible before the Expatriate Team Members arrival in country and should be finalized as soon as possible after the full Team is assembled in Macedonia. The draft schedule should be ready for review and discussion at the initial team planning meeting with USAID which should take place within three days of the team's arrival in Macedonia.

Prior to fieldwork commencement, the U.S. team members will review background program documents to gain better understanding of the situation in Macedonia and the USAID activities supporting the development of local government.

The Expatriate Team Members will spend six weeks in Macedonia. The Contractor will interview key USAID and Project staff, local government bodies that have received USAID assistance, representatives of other donor organizations providing assistance to the local government sector, researchers who have conducted research on local government issues in Macedonia, and other program stakeholders. Additionally, the Contractor shall propose a plan for selecting a representative number of municipalities for the assessment team to assess. In selecting a representative number of municipalities for in-depth assessment, the Contractor shall consider geographic, size, ethnicity, and other relevant factors. The following is an illustrative list of those to be interviewed by the team:

- Relevant USAID staff
- Central Government Officials (Ministries of: Local Self-Government, Finance, Education, Transportation and Communications, Labor and Social Policy, etc)
- Representative Number of Municipalities
- Municipal Associations: ZELS, AFO, MAKKOM
- Relevant USAID Projects (Local Government Reform, CSHI, PRIZMA, Education SO, ISC, LED, Fiscal Reform, etc.)
- Other Donors providing assistance to the local civil society sector (EAR, World Bank, UNDP, SIDA, CIDA, Dutch, Swiss and Norwegian Governments, British Know-How Fund, GTZ, the Foundation Open Society Institute – Macedonia, OSCE, WHO, etc.)
- Think tanks, academicians and other research institutions

The Contractor is encouraged to identify and visit additional Macedonian organizations and groups both formal and informal, based on its review of materials and its determination of where useful examples might be found.

An initial team planning meeting will be held with USAID no later than the third day the team is in country. The goal of this meeting is to establish clear expectations about the outcomes of the assessment and go over the goals, schedule and methodology of the assessment. The assessment team will be required to meet with USAID Macedonia at the end of their third week in country to brief USAID orally on their progress and findings to date. Three days prior to departure, the team will be required to submit a draft of the assessment report for discussion and comment. The team will also be required to debrief USAID orally on the key findings and recommendations prior to its departure from country. USAID/Macedonia will provide oral comments at the debriefing, and may follow up with written comments after the team members return to the United States.

USAID will provide the Contractor with final comments within 10 working days of the draft assessment report's submission. The Contractor shall incorporate all comments and submit a final report within 5 working days of receiving USAID's final comments. The USAID Macedonia Cognizant Technical Officer (CTO) will be responsible for review and approval of the final assessment report. The report belongs to USAID not the consultants or Contractor and use of any material in the report is expressly prohibited.

## **VIII. DELIVERABLES**

The team will prepare in the field a draft assessment report. The following sections shall be included in the report:

- An Executive Summary – (3- 5 pages) a document containing a clear, concise summary of the most critical elements of the report, including the recommendations.
- A Table of Contents
- A matrix that outlines: a) competencies to be decentralized to local government under the Framework Agreement (FWA), b) a summary evaluation of current technical capacity of select local governments to undertake priority competencies, and c) a summary of priority areas for intervention most critical for the successful undertaking of these competencies;
- An Assessment Report (no more than 40 pages), which discusses the major findings and the related issues and questions raised in Section IV. In discussing these findings, the assessment shall also address the following:
  - Purpose and study questions of the assessment;
  - Evidence/findings of the study concerning the assessment questions;
  - Briefly stated conclusions drawn from the findings (including lessons learned); and recommendations based on the assessment's findings and conclusions.
- Assessment Report Appendices, including:
  - A copy of the assessment scope of work;
  - Team composition and study methods (1 page maximum);
  - USAID/Macedonia's SO 2.0 I.R 2.3 results framework;
  - A list of documents consulted, and of individuals and agencies contacted; and

- More detailed discussions of methodological or technical issues as appropriate.

The Contractor shall be responsible for providing the final deliverable to USAID Macedonia on a diskette (in Microsoft Word 97) and in hard copy. The Contractor shall provide 3 copies to PPC/CDIE/DI in accordance with normal AID/W requirements.

## IX. PROPOSED LEVEL OF EFFORT

*Expatriate Design Expert/  
Team Leader*

3 days in the U.S. for preparation  
35 days fieldwork in Macedonia  
5 days follow up and report preparation  
4 days of travel  
= 47 days total

*Expatriate Assessment Expert*

3 days in the U.S. for preparation  
35 days fieldwork  
4 days follow up and report preparation  
4 days of travel  
= 46 days total

*Macedonian Local Government  
Specialist*

3 days preparation in Macedonia  
35 days fieldwork  
3 days follow up and report preparation  
= 41 days total

*Two Interpreters*

35 days fieldwork in Macedonia  
= 70 days total

*Logistics/Administrative  
Coordinator*

5 days preparation in Macedonia  
35 days fieldwork in Macedonia  
3 days follow up  
= 43 days total

A six-day workweek is authorized.

## X. EVALUATION CRITERIA

Assessment/Design Team = 60 points total:

Expat Team Leader	=	25 points
Expat Team Member	=	20 points
Local Team Member	=	15 points

Expat team members will be evaluated on:

- Previous experience assessing/implementing development assistance programs in the area of local government
- Demonstrated knowledge of local government issues
- Experience assessing or evaluating USAID or other assistance programs
- Relevant professional experience in Central and Eastern Europe

Local team member will be evaluated on:

- Demonstrated knowledge of local government sector in Macedonia
- Strong links into the local research community
- Prior relevant work experience

Organizational Capacity = 25 points total

Organizational capacity will be evaluated on:

- Previous experience in conducting similar assessment/design efforts
- Previous relevant experience in Central and Eastern Europe
- Previous USAID experience

The Contractor shall provide names, current e-mail addresses and telephone numbers of three references that can validate previous organizational experience in the above areas. References shall be checked for quality of work performed.

Cost effectiveness = 15 points – total

## **XI. SPECIAL PROVISIONS**

### **Duty Post**

Skopje, Macedonia

### **Access to Classified Information**

The Contractor shall not have access to any Government classified material.

### **Logistical Support**

The Contractor is responsible for providing all logistical support. Office space shall not be provided by USAID. The Contractor will be responsible for providing office supplies, equipment, computers, copiers, printers, etc. Translation services and vehicle rentals are the responsibility of the contractor.

### **Supervision**

The team will work under the direct supervision of the USAID/Macedonia Cognizant Technical Officer (CTO). The CTO will be under the general direction and coordination of the USAID Macedonia SO 2.0 Team Leader.

**Performance Period**

The Assessment will be carried out during an eight week period beginning on or about October 1, 2003.